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November 14, 2007

## **AGENDA ITEM 6**

**TO: THE MEMBERS OF THE HEALTH BENEFITS COMMITTEE**

- I. SUBJECT:** Public Agency Recruitment and Retention
- II. PROGRAM:** Health Benefits
- III. RECOMMENDATION:** Information Only
- IV. BACKGROUND:**

In 2006, the Office of Employer and Member Health Services (EMHS), Public Agency and Schools Program, implemented a proactive recruitment and retention strategy to stem the loss of public agencies in the program and to systematically approach the recruitment of new agencies. This effort included a review of previous practices, while developing and designing alternative marketing plans. Public agencies and schools represent approximately 40% of the CalPERS Health Benefits Program risk pool. Their participation in our program is a key component in the overall strategy to contain increases to health premiums for all our members.

The recruitment and retention strategy focuses on a proactive and engaged employer customer service model, which includes the following activities:

- Improve customer service to existing agencies through personal account management including direct customer contact and site visits;
- Increase leverage of existing opportunities to market the CalPERS Health Benefits Program through the CalPERS Educational Forum, and participation at various statewide and local government sponsored conferences;
- Partner with the CalPERS Health Plans to develop and execute recruitment and retention strategies;

- Conduct regional seminars for contracting agencies on a semi-annual basis to educate employers regarding CalPERS Health Benefits Program and regional rate seminars;
- Meet with public employers, labor organizations, associations and retiree groups throughout the state;
- Prepare CalPERS Health Benefits Program articles for various newsletters, including but not limited to, the *CalPERS Employer News*, *PERSpectives*, etc.

Benefit design changes enacted in the past two years contributed greatly in creating a desirable, marketable health benefits package, which assisted staff in both retaining existing and recruiting a number of new public agencies and schools.

### **2007 Public Agency Retention Results**

In 2007, the Public Agency and Schools program experienced the highest agency retention level of the past five years, retaining 99.5% of the agencies that subscribed in 2006.

Staff conducted outreach efforts for 19 “at-risk” contracting agencies with a potential loss of almost 12,000 total covered lives (TCL). Numerous discussions with employers, presentations, and phone conferences were conducted from March through June 2007. By August 2007, when termination resolutions were due, we successfully retained 13 of these 19 agencies.

Six agencies and one employee group from a continuing agency elected to cancel their CalPERS health contracts as of 1/1/08 resulting in a loss of 427 TCLs. This is an all-time low for both agency and TCL loss.

Departing agencies cited a variety of reasons for leaving, including:

- premium cost;
- increased employer contributions towards retiree premiums due to legislation;
- loss of access to providers due to health plan withdrawals;
- other benefit package offerings that include dental and vision care.

Staff will continue to monitor reasons for termination and work with appropriate constituent groups and employers to mitigate these issues as feasible.

### **2007 Public Agency Recruitment Efforts**

Calendar year 2007 recruitment efforts were also very successful. Twelve new agencies established contracts representing 11,570 TCLs, and 22 existing agencies added 43 new employee groups, covering an additional 312 TCLs.

CalPERS staff also recruited the largest public agency to join our program in the past five years. Since January 1, 2007, the Los Angeles County Office of Education (LACOE) has brought an additional 8,749 TCLs into the program.

### **Overall Program Status and Activities**

Attachment A displays Public Agency and Schools Program growth and loss between 2004 and 2008.

During 2007, a number of activities contributed to the high recruitment and retention success. Low 2008 premium increases, the continuation of proactive retention and marketing efforts, as well as notable joint efforts between Public Agency and Schools Marketing and Contracts staff and our Health Plan Partners, are listed below:

- Regional Information Seminars – In early 2007, nine seminars were conducted for 74 contracting agencies. These seminars served as opportunities to educate employers regarding the CalPERS Health Benefits Program and 2008 proposed benefit design changes.
- Regional Rate Information Seminars – In July, ten seminars were conducted at five different sites for 235 representatives from nearly 200 contracting agencies. Staff presented the approved 2008 health plan rates, benefit design changes, new health plan products, and an overview of new legislation which impacts the employer contribution formula for retirees.
- Health Benefit Fairs for Open Enrollment 2007 – In advance of the 2007 Open Enrollment period, the health plan partners and CalPERS staff conducted 312 health fairs at separate employer sites throughout the state. These health fairs educated almost 60,000 members on the CalPERS health benefits program and the offerings for the 2008 contract year.
- CalPERS Educational Forum 2007 – In October, CalPERS showcased the Health Benefits Program through three presentations, and nine workshops educating current and prospective agencies on the CalPERS Health Benefits program and strategic direction, workplace wellness, and hands-on computer-based training for employers

currently in our program related to Health enrollment and billing activities. Our Health Plan Partners provided an interactive and very popular "Healthy Lifestyle Resource Center" with stations for chair massages, bone density testing and flu shots, as well as staffing resource tables for each of the plans. Marketing and Contracts staff represented the branch at the "More Than the Premium" and the "CalPERS Health Benefits Program" and "Public Agency Contracts" resource tables.

## **V. STRATEGIC PLAN**

This item supports Strategic Plan Goal X and is part of the regular and ongoing workload of the Office of Employer and Member Health Services.

Goal X: Develop and administer quality, sustainable health benefit programs that are responsive to and valued by enrollees and employers.

## **VI. RESULTS/COST**

There is no cost associated with this item.

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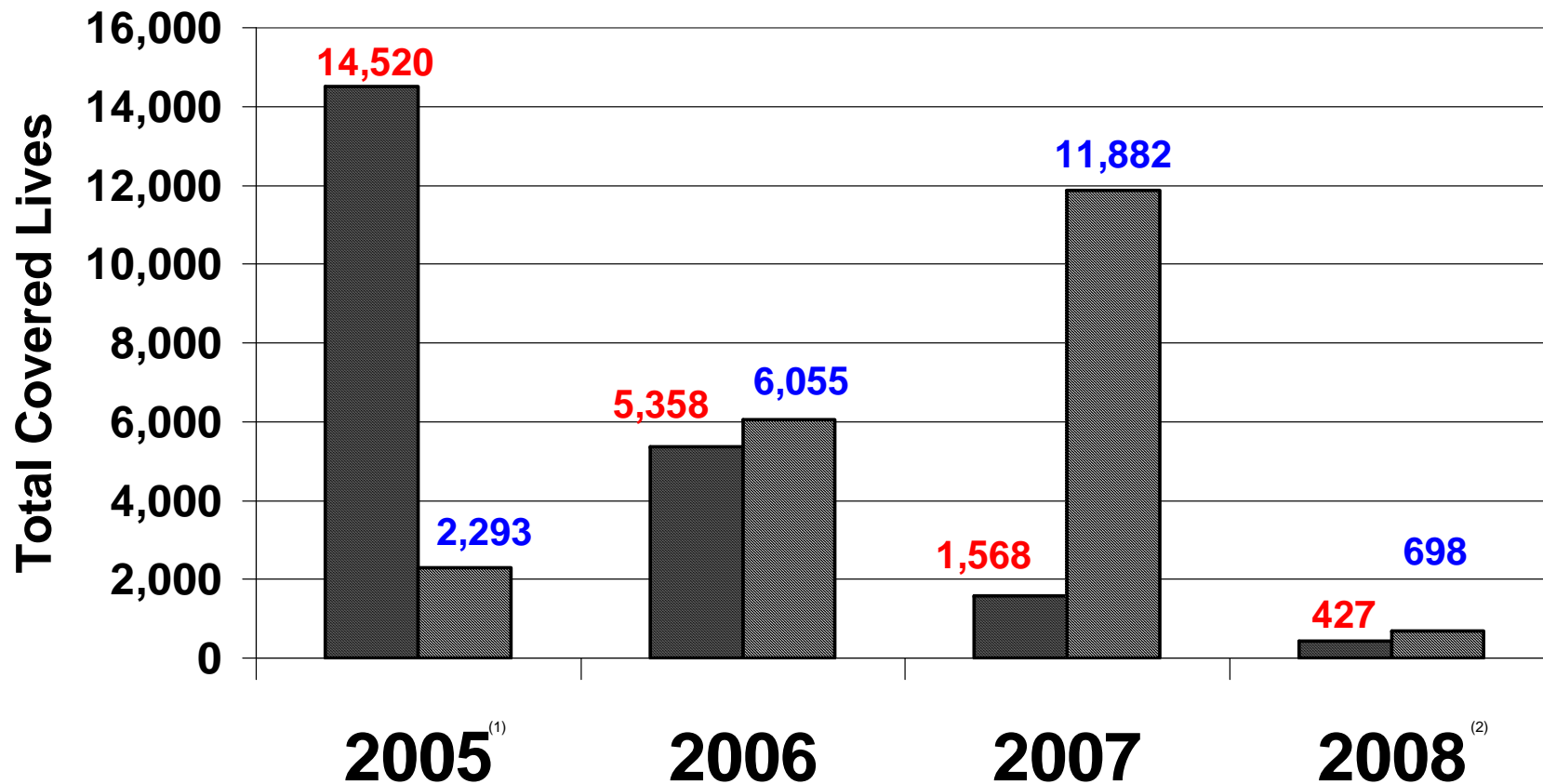
Holly A. Fong, Chief  
Office of Employer and Member Health Services

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Gregory A. Franklin  
Assistant Executive Officer  
Health Benefit Branch

Attachment

## Public Agency Growth and Loss



■ Losses - TCL  
▨ Growth - TCL

Source: COMET Employer Enrollment Data

(1) Implementation of narrow network  
(2) Newly contracted TCLs effective 1/1/08